



Department of Justice

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**JUSTICE DEPARTMENT ALLOWS ASSOCIATION OF INDEPENDENT
AUTOMOTIVE DAMAGE APPRAISERS TO ESTABLISH NATIONAL
MARKETING PROGRAM**

WASHINGTON, D.C. -- The Justice Department today approved a proposal by a national trade association of local automotive damage appraisers to establish a program to market and sell the services of its members on a national or multi-regional contract basis, allowing them to compete with large appraisal companies. Several large non-member appraisal companies have recently captured a large and growing share of the national automotive damage appraisal service market because of their ability to provide national and multi-regional services.

The Independent Automotive Damage Appraisers Association is a national trade association of some 92 independent automotive damage appraisers located in various geographic regions of the country. Traditionally, association members have sold their services to local insurance companies, oil leasing companies, banks, and fleet service companies. However, many potential customers operate nationally, or on a multi-regional basis, and prefer

to do business with damage appraisers that can provide services over a large geographic area.

"By allowing smaller, regional firms to compete with the larger damage appraisal companies, this proposal could create a more robust competitive environment in this important industry," said Anne K. Bingaman, Assistant Attorney General in charge of the Justice Department's Antitrust Division.

In order to compete effectively for national account business, the association proposes to use an independent third party agent to market member services on a national or multi-regional basis. The independent agent will function essentially as a "messenger." It will be authorized to meet with national account representatives for the purpose of soliciting business for the independent association members. The agent, however, will not have the authority to negotiate contract terms on behalf of the association or any of its members.

The third party agent will inform the entire association membership of the terms on which a national account is willing to refer matters to members, and will forward to the national account a list of those members that are willing to perform appraisals according to the terms of the national account's proposal. No limitations will be imposed on the rights of association members to contact the

national accounts directly and offer to provide their services on an individual basis.

Association members will not exchange information with one another as to whether or not they intend to accept or reject any specific national account proposal or the terms on which they would be willing to deal. Any national account that wishes to participate in the Independent Automotive Damage Appraisers Association marketing program will have the right to choose the specific members with whom it wishes to deal. National accounts will be free to deal with all or only some of the association's membership.

The Department's position was stated in a business review letter from Assistant Attorney General Bingaman to counsel for the association. The Department concluded it is unlikely that the proposed marketing program will be harmful to competition for several reasons -- the association's members are only a small percentage of the total number of damage appraisers operating nationwide, members will not discuss price with each other and, each member will make their own decision about whether or on what terms it will deal with a national account.

Under the Department's business review procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement of whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Suite 215, Liberty Place, 325 7th Street, N.W., Washington, D.C. 20004. After a thirty-day waiting period, the documents supporting the business review will be added to the file.

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